

Housing Policy



2011



Introduction

Hutto is a quaint, Central Texas community that has managed to maintain its small-town character despite being one of the fastest-growing cities in the state. The city's rapid growth is reflected in the large number of homes that were built within the same time frame. The vast majority of both new and older homes in Hutto are single-family, detached units priced within a relatively small range. The existing housing supply adequately serves a specific market, but very few choices exist for those looking above or below that range.

Variety is an essential characteristic of a self-sustaining and economically-thriving city. A population diverse in interests and incomes can attract and support an array of businesses. Variety in housing options also allows residents to continue living in Hutto despite individual circumstances that may alter their financial situations. If a house payment becomes a significant burden, residents should have the choice of relocating to an apartment or townhome. Attached housing may fit the lifestyles of certain demographics not currently interested, for one reason or another, in a single-family home. The addition of multi-family and other attached options to the city will enable Hutto to attract and retain residents whose needs are not being met by the existing housing stock.



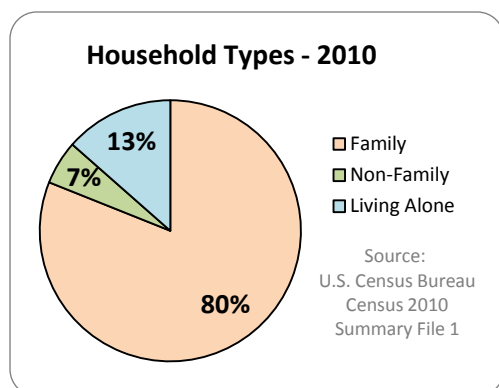
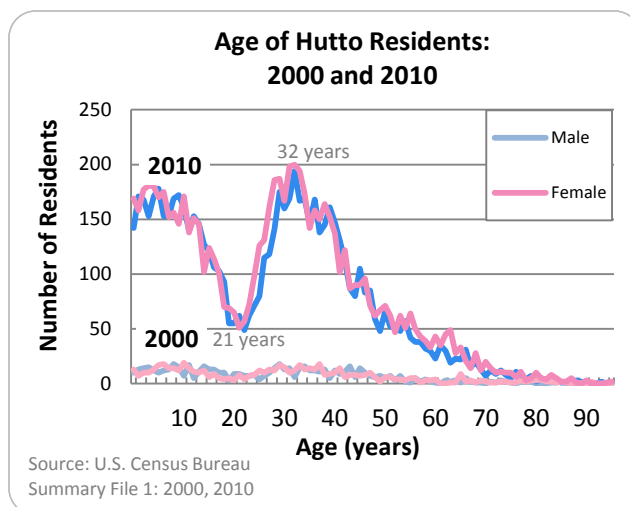
The purpose of a housing study is to use the most current data available to gain an understanding of the recent trends, current conditions, and future demands on Hutto's housing supply. The U.S. Census Bureau provided a wide range of data, from population to home values. Where official 2010 Census counts were not available, estimates from recent American Community Survey were used. The resulting policy will guide elected officials, community leaders, and staff through key discussions to ensure housing options that serve all current and future Hutto residents.

Census and Notable Trends

Census data can be used to identify trends occurring over time. The decennial Census boasts 100% Data counts for the year 2000 and 2010 while the American Community Survey uses estimates and sample surveys to generate its numbers. Local realtors, housing consultants, and the Economic Development Corporation offered additional insight and information to yield a snapshot of the present conditions, notable trends, and future direction of Hutto's housing market.

Population data for the past ten years have shown exponential growth and drawn much attention to the city. Over the past decade, Hutto's population has increased by well over 1000%, making it one of the fastest growing cities in the state. Hutto has drawn large numbers of new residents annually, due to its proximity to Austin and the abundance of reasonably-priced single family homes. But as indicated by an average commute time of 32 minutes, approximately 89 percent of employed residents are working outside of Hutto. (Hutto Economic Development Corporation, 2008 Commuter Report)

The population in 2000 was just a fraction of what it is today, with a relatively even distribution in age. However, the 2010 Census shows a noticeable difference in the proportions of different age groups. The age groups with the highest population are children under age ten, and adults in their mid-twenties to early-thirties. The most notable change in distribution between 2000 and 2010 is the sharp decline in the late-teens and early-twenties population. This is a common trend in rural and suburban cities nationwide, this is likely attributed to a lack of places and activities directed toward the college-aged demographic. Whether pursuing higher education or searching for a job, high school graduates most likely relocate to a city with more to offer. However, the opening of the Eastern Williamson County Higher Education Center will soon generate new interest from this age group and give them a significant reason to live in Hutto.



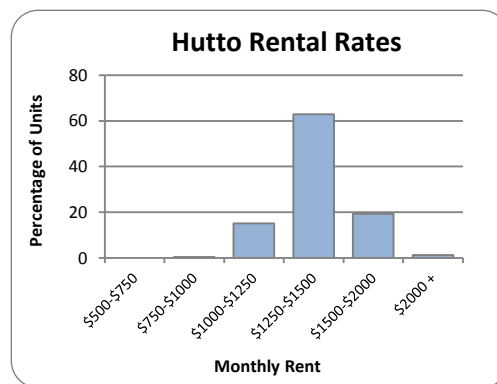
The type, quality, location, and price range of available housing can all be factors in a person's decision whether or not to reside in Hutto. Household type is one trend that has remained consistent over the past decade. Both the 2000 and the 2010 Census showed that 80% of households were made up of families and 13% consisted of an individual living alone. While only equal to 51 households in 2000, thirteen percent in 2010 was equal to 638 households. The increase in population has magnified the pent up demand for housing options that fit the unique needs of non-family households.

The 2010 Census shows that 14,698 people live in 4,560 housing units within Hutto. Most are built as single, detached homes, and there are very few multi-unit structures such as townhomes, duplexes, and condos. Roughly 79% of these units are owner-occupied, and the vast majority are valued in the \$100,000's. The other 21% of residences are renter-occupied with average rates of \$1100 per month. (Multiple Listing Service)

Unmet Demand for Additional Housing Options

The incorporation of more apartments, townhomes, duplexes, and other rentals into the Hutto housing market would provide affordable options for those making less than the median family income and for those looking to spend a smaller portion of their income on housing. There are also particular groups that tend to favor apartments, townhomes or duplexes regardless of financial limitations. Recently-divorced individuals, young singles, empty-nesters, and the elderly are some demographics that may favor renting over purchasing a home. However, residents looking to decrease their expenditures are likely to relocate to a nearby city rather than within Hutto.

Studies show that low and moderate income families are the fastest-growing segments of the population. With the majority of households in Hutto identified as families, the demand for reasonably-priced housing options will continue to rise. An MLS inquiry at the time of this study showed 22 homes available for rent, ranging from \$895 to \$1,750 per month. Both the high and low rents were outliers, and most rentals were listed at over \$1,000 per month.

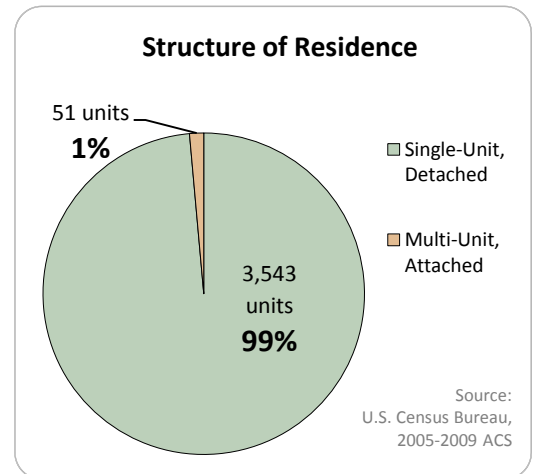


Neighboring cities have a more diverse selection of both renter- and owner-occupied housing units, making them attractive to a broad range of prospective residents. Rental properties in Georgetown, Round Rock and Austin are distributed relatively evenly through various price ranges, while those in Hutto are highly concentrated between \$1,250 and \$1,500. Home values for owner-occupied units are also more concentrated in Hutto than surrounding cities. More than 92% of owner-occupied housing units in Hutto are valued between \$100,000 and \$200,000. Only about 4% of homes are below that range, and 3% above. Surrounding cities range from 44 to 72% of homes in the same price range, with more variety below \$100,000 and above \$200,000. (U.S. Census Bureau)

Home Values as a Percentage of Total Owner-Occupied Units					
	Round Rock	Georgetown	Pflugerville	Taylor	Hutto
Total Owner-Occupied Housing Units	20,572	12,563	10,881	4,033	3,149
Home Values Within \$100k-\$200k Range					
\$100,000 to \$124,999	16.0%	6.5%	11.5%	19.6%	24.5%
\$125,000 to \$149,999	17.7%	15.7%	21.6%	12.1%	31.9%
\$150,000 to \$174,999	16.7%	18.7%	25.7%	9.5%	25.2%
\$175,000 to \$199,999	9.9%	11.5%	14.0%	2.9%	10.8%
TOTAL	60.2%	52.3%	72.9%	44.2%	92.4%
Home Values Outside of \$100k-\$200k Range					
Below \$100,000	6.4%	7.7%	6.4%	47.6%	4.4%
Above \$200,000	33.4%	40%	20.7%	8.3%	3.2%

Foreclosures are another area of concern, particularly for Hutto. The Austin Board of Realtors reports that Williamson County has the second-highest foreclosure rate in the Austin metro area, second only to Travis County. In 2010, approximately 1.16% of housing units received a foreclosure filing at mid-year. Foreclosures weaken the city's home values and cause families to be displaced. If homes are not available below a certain price point, residents are forced to relocate outside of the city limits and often the school district. Based on the number of foreclosed homes in Hutto each year, it is estimated that many children are forced to change schools at any given point of the school year. Rental properties would serve families facing financial difficulties, providing lower rents which enable them to remain residents of Hutto.

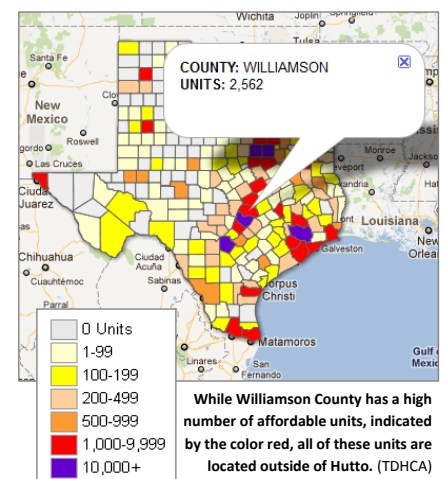
The elderly are another growing demographic who are frequently faced with financial or physical hardships. Williamson County was one of six Texas counties that saw the senior population grow by more than 70% between 2000 and 2010. Many seniors rely on a fixed monthly income that may or may not be accompanied by additional savings and equity. For low-income senior citizens receiving social security and a considerable additional income, \$770 per month is affordable for a two-bedroom unit. (Novogratich and Company) This rate is well below anything currently available in the Hutto market, and may direct seniors to cities with more housing options. Seniors also tend to prefer townhomes, apartments, and condos for non-financial reasons. Smaller living quarters offer ease of mobility and require significantly less maintenance than large, detached homes.



The Local Economy

Housing needs may change at every stage of a person's life. Consequences of a homogenous housing supply reach beyond those individuals who are currently underserved. The success of any business in town relies heavily on the number of potential customers living within a certain distance. While the population has increased tremendously, downtown Hutto remains quiet and calm during the day. In response, many retailers have reduced their operating hours, relocated, or closed their doors altogether. The location of future residential development is therefore a crucial consideration for the sake of local businesses. Infill housing can provide affordable units in an established neighborhood with existing retail centers, schools, and amenities. Mixed-use developments combine residential and retail, and often create a pedestrian- and bicycle-friendly environment. The automobile, bicycle and foot traffic generated by the additional housing units can ensure a steady, diverse customer base for existing and future businesses.

The concern over housing diversity and affordability is not unique to Hutto. Cities throughout Central Texas are facing a shortage of options to accommodate residents of all lifestyles and income levels. Due to tightened restrictions on credit, the region's real estate market has shifted from sales to leasing. Both rental rates and occupancy rates have climbed in Austin, making it one of the healthiest multi-family markets in the country. The number of attached housing units, such as condos and townhomes has also climbed 16% over the past year. (Austin Board of Realtors, Area Market Statistics) The development community has responded to the growing demand with a noticeable interest in multi-family projects. These projects range from large, conventional apartment complexes to small, urban infill developments.



Conclusion

One of the biggest opportunities for Hutto today involves the creation of quality housing in underserved price ranges. Housing is crucial in attracting new residents and retaining them through different chapters of their lives. Without choices that fit a wide variety of income levels, and accommodate both upward and downward mobility, local economic vitality is seriously limited. Development of affordable housing has been shown to increase spending and employment within the area, acting as an important source of revenue for the city. In coordination with pedestrian mobility planning, multi-family development can provide the density and foot traffic necessary to support nearby businesses. Mixed-use development can offer a variety of transportation options and services, making a neighborhood more desirable and upholding property values. Apartments built near educational facilities promote walking to school and relieve parents from a time-consuming drive to school. In a city with housing options for all stages of life, young adults can live, work, and play in Hutto. Couples may settle down and start families, while senior citizens can find homes suitable to their changing needs.

Both the City Charter and Economic Development Policy share a vision of economic diversity and a self-sustaining environment where future generations will want to raise a family. These goals, along with many others, can be met by addressing the city's growing need for multi-family and other attached housing units.

Recommendations

- ❖ Consider the demand for housing above the price range of the current supply
 - The current housing needs in Hutto are not limited to lower-priced housing. For complete housing diversity, the higher-end market should be addressed as well.
- ❖ Coordinate with pedestrian planning efforts to ensure pedestrian and bicycle mobility that will support housing, businesses and amenities
 - Encourage residential infill near existing infrastructure
 - Refer to Pedestrian Mobility Plan and Thoroughfare Plan
- ❖ Designate and zone more land to allow for multi-family uses
 - Multi-family uses are not limited to parcels zoned MF. Townhomes and four-plexes, for example, are permitted in SF-2 districts. PUDs often include multi-family, and SmartCode zoning permits a wide variety of residential options.
- ❖ Recognize affordable housing as an important element in the City of Hutto's economic sustainability
Declare a commitment to creating more variety in Hutto's housing market*

** Any proposed public or subsidized housing projects must meet all criteria and requirements set forth by the Texas Department of Housing & Community Affairs.*